

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 L-03 TAR-02

DRC-01 /133 W

----- 020957

R 301600Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6359

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EEC, EAGR

SUBJECT: PROPOSED 1974/75 CAP SUPPORT PRICES AND MEASURES --
THE PROTEIN SECTOR

REF: (A) EC BRUSSELS 0302: (B) EC BRUSSELS 0306:
(C) EC A-350 OF 11/12/71.

1. SUMMARY. INCLUDED IN THE COMMISSION S 1974/75 CAP PRICE
PROPOSAL PACKAGE ARE SEVERAL PROPOSED MEASURES TO ENCOURAGE
INCREASED PRODUCTION OF PROTEIN-RICH CROPS. IN ADDITION TO
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A LIMITED CAP FOR SOYBEANS AND HIGHER OILSEED SUPPORT PRICES,

REPORTED PREVIOUSLY, THE COMMISSION PROPOSED A CAP FOR DEHYDRATED FORAGE AND SUBSIDIES FOR THE PRODUCTION OF FODDER BEAN SEEDS. THE CAP PROPOSED FOR DEHYDRATED FORAGE (NOTABLY ALFALFA) FEATURES SUBSIDIES TO DEHYDRATORS, A POSSIBLE REQUIREMENT FOR IMPORT LICENSES AND RELATED SURETY DEPOSITS, AND A SAFEGUARD CLAUSE. END SUMMARY.

2. THE EC COMMISSION'S PROPOSALS FOR 1974/75 CAP SUPPORT PRICES INCLUDE A NUMBER OF PROPOSED MEASURES TO FURTHER DEVELOP COMMUNITY PRODUCTION OF PROTEIN-RICH CROPS. AS REPORTED IN REFS A AND B, THE COMMISSION RECOMMENDED A CAP FOR SOYBEANS (OMITTING MOST OBJECTIONABLE FEATURES) AND HIGHER TARGET AND BASIC INTERVENTION PRICES FOR SUNFLOWER SEED (6PERCENT INCREASE) AND RAPESEED (4PERCENT INCREASE).

3. IN ADDITION TO THESE PROPOSALS FOR OILSEEDS, THE COMMISSION PROPOSED THAT THE COUNCIL ESTABLISH A CAP FOR DEHYDRATED FORAGE CROPS, NOTABLY ALFALFA, AND THAT IT ADD FODDER BEANS TO THE LIST OF SEED VARIETIES QUALIFYING FOR SUBSIDIES UNDER THE CAP FOR SEEDS (REF C).

4. THE PRINCIPAL PROVISIONS OF THE PROPOSED CAP FOR DEHYDRATED FORAGE (CXT NO. 12.10 EX B) ARE THE FOLLOWING:

A. THE PRODUCTS SUBJECT TO THE CAP WOULD BE DEHYDRATED ALFALFA, SAINFOIN, CLOVER, FORAGE KALE, LUPINEES, VETCHES, AND SIMILAR DRIED FORAGE CROPS EXCEPT HAY. THE EC TARIFF FOR THESE PRODUCTS IS BOUND DUTY-FREE IN GATT.

B. SUBSIDIES WOULD BE GRANTED ANNUALLY TO PRODUCERS OF THOSE DEHYDRATED PRODUCTS. THE SUBSIDIES PROPOSED FOR THE 1974/75 MARKETING YEAR BEGINNING APRIL 1 ARE 6 U.A. PER METRIC TON FOR DEHYDRATED ALFALFA AND 4 U.A. PER MT FOR THE OTHER PRODUCTS. DUE TO AN ERROR BY THE COMMISSION IN ITS INITIAL ANNOUNCEMENT OF THESE SUBSIDIES, THEY WERE INCORRECTLY REPORTED IN REF B AS 6 U.A. AND 4 U.A. PER HECTARE, RESPECTIVELY.

C. THE SUBSIDIES WOULD BE GRANTED FOR FOUR YEARS. AT THE END OF THAT PERIOD, THE COUNCIL WOULD REVIEW THE RESULTS OF THE SUBSIDY PROGRAM AND WOULD DECIDE WHETHER OR NOT THE SUBSIDIES SHOULD BE CONTINUED.

D. TO QUALIFY FOR THE SUBSIDIES, PRODUCERS (DEHYDRATORS)
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WOULD HAVE TO BE AFFILIATED TO AN ASSOCIATION RECOGNIZED BY THE MEMBER STATES. IN ADDITION, PRODUCERS WOULD BE OBLIGED TO CONCLUDE CONTRACTS WITH FARMERS UNDER WHICH THEY WOULD UNDERTAKE TO PURCHASE A CERTAIN QUANTITY OF GREEN FORAGE FOR THREE YEARS.

E. THE COMMISSION WOULD BE EMPOWERED TO SUBJECT IMPORTS FROM THIRD COUNTRIES OF ALL OF THE PRODUCTS IN QUESTION TO IMPORT LICENSING. THE ISSUANCE OF AN IMPORT LICENSE, IF

REQUIRED, WOULD BE CONDITIONAL ON THE DEPOSIT OF A SURETY WHICH WOULD BE FORFEITED IF THE IMPORTS IN QUESTION ARE NOT CARRIED OUT DURING THE PERIOD OF VALIDITY OF THE LICENSE. THE REASON GIVE BY THE COMMISSION FOR THE POSSIBLE REQUIREMENT FOR IMPORT LICENSES IS TO ENABLE THE COMMUNITY TO FOLLOW CLOSELY THE TRENDS IN IMPORTS.

F. A SAFEGUARD CLAUSE WOULD BE AVAILABLE FOR APPLICATION IN THE EVENT OF MARKET DISTURBANCES.

G. MEMBER STATE QR'S WOULD BE PROHIBITED.

5. IN CONNECTION WITH ITS PROPOSAL TO ADD FODDER BEANS (CXT NO. EX 07.05 A III) TO THE LIST OF PRODUCTS WHICH QUALIFY FOR SUBSIDIES UNDER THE SEED CAP, THE COMMISSION PROPOSED THAT THE AMOUNT OF THE SUBSIDY FOR FODDER BEAN SEEDS IN 1974/75 BE FIXED AT 60 U.A. PER MT.

GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SOYBEANS, AGRICULTURAL POLICIES, AGRICULTURAL PRICES, GRAINS, PRICE TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU00615
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974016/aaaaaflc.tel
Line Count: 131
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) EC BRUSSELS 0302: (B) EC BRUSSEL, S 0306:
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 27 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 FEB 2002 by chappeld>; APPROVED <11 APR 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED 1974/75 CAP SUPPORT PRICES AND MEASURES -- THE PROTEIN SECTOR
TAGS: EAGR, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005